

FILED

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(Baltimore Division)

FEB 19 2001

CLERK'S OFFICE  
U. S. BANKRUPTCY COURT  
DISTRICT OF MARYLAND  
BALTIMORE

In re:

\*

FRANK'S NURSERY & CRAFTS,  
INC., *et al.*,

\*

Case No: 01-52415-JS THROU 01-52416-JS  
(Chapter 11)

Debtor.

\*

(Jointly Administered)

\* \* \* \* \*

**DEBTORS' MOTION FOR AUTHORITY TO (i) FILE A CONSOLIDATED LIST OF  
CREDITORS IN LIEU OF LABEL MATRICES; (ii) FILE A CONSOLIDATED LIST  
OF THE 30 LARGEST CREDITORS IN LIEU OF THE INDIVIDUAL LISTS  
REQUIRED BY FED. R. BANKR. P. 1007(d); AND (iii) MAIL ALL NOTICES**

Frank's Nursery & Crafts, Inc. ("Frank's") and FNC Holdings, Inc. ("FNC"), the above-captioned debtors and debtors in possession herein (collectively, the "Debtors"), by counsel, file this Motion for Authority to (i) File a Consolidated List of Creditors in Lieu of Label Matrices; (ii) File a Consolidated List of the 30 Largest Creditors in Lieu of the Individual Lists Required by Fed. R. Bankr. P. 1007(d); and (iii) Mail All Notices (the "Motion"), and in support thereof state:

**Jurisdiction**

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue lies properly in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157.

2. The relief sought in this Motion is based upon section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq. (the "Bankruptcy Code") and Rules 1007 and 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and this Court's Local Bankruptcy Rule 1007-2.

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### **The Chapter 11 Cases**

3. On the date hereof (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue in possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. By motion submitted to the Court concurrently herewith, the Debtors seek entry of an order of this Court authorizing the procedural consolidation and joint administration of these cases.

### **The Debtors and Their Business Operations**

5. Frank's, founded in 1949, operates the largest United States chain (as measured by sales) of specialty retail stores devoted to the sales of lawn and garden products. Lawn and garden products include green and flowering plants for outdoor and indoor usage, live landscape products such as trees and shrubs, fertilizers, seeds, bulbs, gardening tools and accessories, planters, watering equipment, garden statuary and furniture, wild bird food and feeders, mulches and specialty soils. Frank's also is a leading retailer of Christmas Trim-A-Tree merchandise, artificial flowers and arrangements, garden and floral crafts, and home decorative products. FNC (formerly known as General Host Corporation) is the sole shareholder of Frank's.

6. As of February 9, 2001, Frank's operated 217 retail stores in 15 states, primarily in the Mid-Atlantic, Midwest and Northeast. At that time, an additional 44 stores were being closed as part of a previously announced plan to sell under-performing store locations. In its fiscal year ending January 28, 2001, Frank's had sales of approximately \$435 million. Currently, the Debtors employ approximately 1,900 full-time and 5,000 part-time employees. As of

November 5, 2000, the Debtors had total assets of approximately \$471.9 million and total debt of approximately \$338 million.

7. The Debtors' sales are seasonal. The lawn and garden revenues are concentrated principally in the Spring and, to a lesser extent, in the Fall. The Trim-A-Tree sales occur between Thanksgiving and Christmas.

8. During most of the first half of 2000, weather patterns negatively impacted lawn and garden product sales across the Debtors' principal markets. During the third quarter of 2000, the Debtors decided to close 44 under-performing stores, liquidate their inventories, and sell the closed stores owned by the Debtors. Later in 2000 it became apparent that the Debtors' Trim-A-Tree holiday season sales were below expectations, which was consistent with the general softness in sales at retailers during this period.

9. In 2001, notwithstanding excess borrowing availability under their existing bank credit facilities, the Debtors were unable to draw down sufficient funding to meet the Debtors' working capital needs because the Prepetition Lenders asserted that various conditions to borrowing had not been met. (The Prepetition Lenders, however, did provide limited funding subject to various conditions.) Also, in the relatively short period since access to their credit facilities had been curtailed, the Debtors were unable to secure additional funding to meet those working capital needs. Ultimately, the Debtors determined the most appropriate method to obtain such financing and achieve their restructuring objectives was through chapter 11 filings.

#### **Relief Requested**

**A. It would be unduly burdensome to require the Debtors to comply with Local Bankruptcy Rule 1007-2.**

10. Bankruptcy Rule 1007 requires that the Debtors file with this Court a list containing each of the Debtors' creditors. Fed. R. Bankr. P. 1007. Further, local Bankruptcy

Rule 1007-2 requires that the creditor matrix, as well as any supplemental matrices, must be submitted in the form required by the Clerk. See Local Bankruptcy Rule.

11. Pursuant to the foregoing rules, the Clerk requires that the creditor matrix be submitted on blank, white paper, contain only eight or nine creditors per page, be typed in a specific format, consist of no more than five lines per creditor name, and comport with numerous other requirements.

12. The Debtors do not maintain a list of the names and addresses of each of their respective creditors (a "Creditor List") in a format and on an entity-by-entity basis that conforms with the mandates of Local Bankruptcy Rule 1007-2 and the form of the Clerk of this Court. Instead, the Debtors maintain their accounts payable ledgers on a consolidated basis in a format from which labels can be printed. Transcribing this information into the form of mailing label matrix required by Local Bankruptcy Rule 1007-2 and as required by the Clerk of this Court would be burdensome and expensive. Moreover, there would be a substantial risk that errors may occur in any such transcription.

13. Meanwhile, filing with this Court a single creditor list for the Debtors on a consolidated basis, in hard copy and on computer diskettes, in the form or formats currently maintained in the ordinary course of the Debtors' businesses, would provide the essential information required by law in a form that the Debtors can provide more timely and cost-efficiently. The waiver of the requirements referenced in the above paragraphs would save significant time and thousands of dollars of unnecessary cost and expense.

**B. The Debtors should be allowed to file a consolidated list of the thirty largest creditors in lieu of the individual lists required by Fed. R. Bankr. P. 1007(d).**

14. The Debtors do not maintain a listing of the names and addresses of their respective creditors on an entity-by-entity basis, and determining their 20 largest creditors would be unduly burdensome on the Debtors.

15. As many of the Debtors' creditors overlap, the Debtors submit that a Consolidated List of the 30 Largest Unsecured Creditors, filed concurrently herewith, would provide sufficient notice to the Debtors' largest creditors in an efficient and economical manner.

**C. The Debtors should complete all mailings to creditors and equity holders.**

16. The Debtors, or their Court-appointed claims agent, if any, should complete all mailings to creditors and equity holders in these cases themselves, as opposed to effecting the same through the Office of the Clerk of this Court as contemplated under Bankruptcy Rule 2002 (a), (d) and (f). In many large chapter 11 cases such as these, Courts generally require that the debtor or its claims agent (as opposed to the Clerk of the Court) complete mailings where thousands of creditors and equity security holders are involved.

17. Allowing the Debtors to complete their own mailings would save significant time, cost and expense. Also, effecting mailings from the Debtors' own Creditor List, rather than through the Clerk of this Court, would be easier.

18. In cases of this magnitude, the Clerk of this Court should not be burdened with having to mail notices to thousands of creditors and equity security holders.

19. The Debtors have identified thousands of entities to whom notice must be given during the pendency of these cases for various matters. However, as discussed above, the Debtors cannot easily comply with Local Bankruptcy Rule 1007-2, the mandates of the Clerk of

this Court or Bankruptcy Rule 1007. Likewise, it would be an extreme burden on the Clerk of this Court to be forced to complete numerous mailings herein.

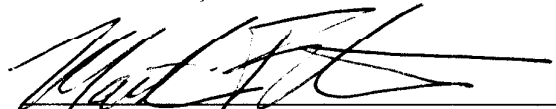
**Conclusion**

**WHEREFORE**, the Debtors respectfully request entry of an Order of this Court (i) authorizing the Debtors, or their Court-appointed claims agent, if any, to: (a) file the Creditor List on diskettes and hard copies as they are maintained in the Debtors' ordinary course of business, in lieu of the label matrices required by Local Bankruptcy Rule 1007-2 and the Clerk of this Court; (b) file a consolidated list of the Debtors' 30 largest unsecured creditors, in lieu of individual lists of their 20 largest unsecured creditors; (c) mail all notices that are required to be sent to creditors and equity security holders herein themselves, as opposed to effecting the same through the Clerk of this Court under Federal Rules of Bankruptcy Procedure 2002 (a), (d) and (f); and (ii) granting them such other and further relief as this Court deems just and proper.

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**CERTIFICATE OF SERVICE**

I certify that on this 19<sup>th</sup> day of February, 2001, a copy of the foregoing pleading was sent by the means indicated and to the parties identified on the Omnibus Certificate of Service filed concurrently with this pleading. In order to expedite the copying and transmittal of pleadings to parties in interest, a copy of the Omnibus Certificate of Service was not transmitted with the pleading. Any party desiring a copy of the Omnibus Certificate of Service may contact the undersigned or may review the original at the Clerk's Office.

  
Martin T. Fletcher